



Challenges in EU taxation CCCTB and Digital Package

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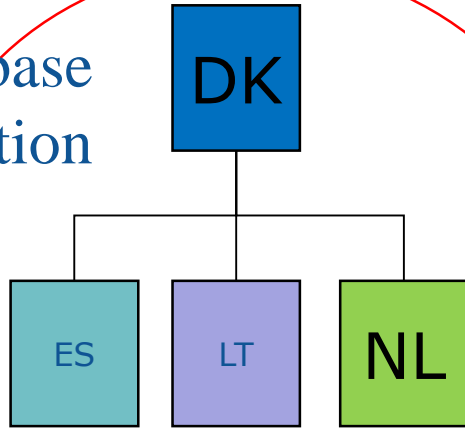
ASSBB conference - Milan
December 2, 2019



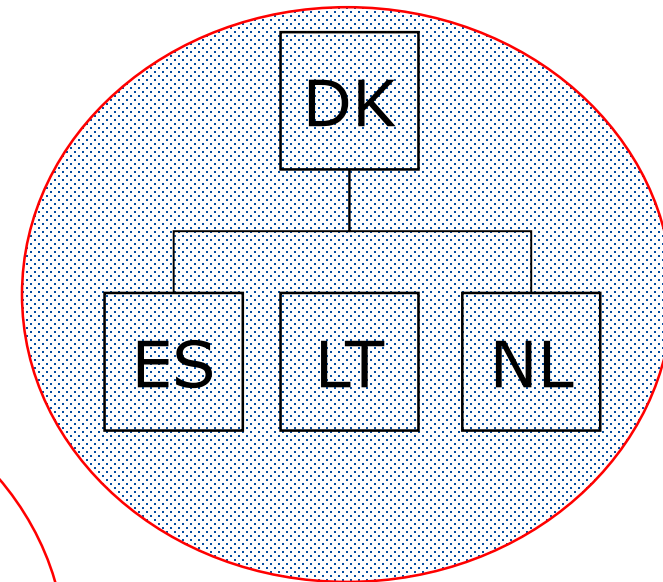
Common Consolidated Corporate Tax Base (CCCTB) 2016 relaunch

HOW IT WORKS IN PRINCIPLE

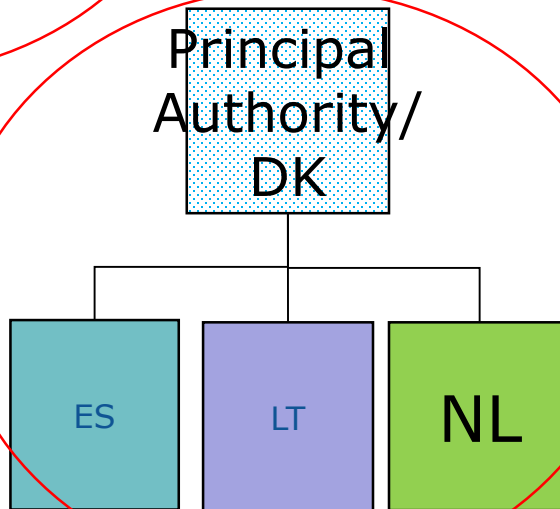
1. Tax base computation



2. Consolidation



3. Apportionment based on 3 factors



What is new since 2011?

- ***Staged approach***
- ***Mandatory scope*** for companies with a group turnover above EUR 750 million globally
- ***Agreed anti-tax avoidance elements*** feature in the framework of the common tax base
- ***Super deduction for R&D expenses***
- ***Allowance for growth and investment on equity increases***
- ***Temporary cross-border relief***
- ***Technical modifications*** to reflect the outcome of discussions with Member States on specific topics since 2011

TAXATION OF THE DIGITAL ECONOMY

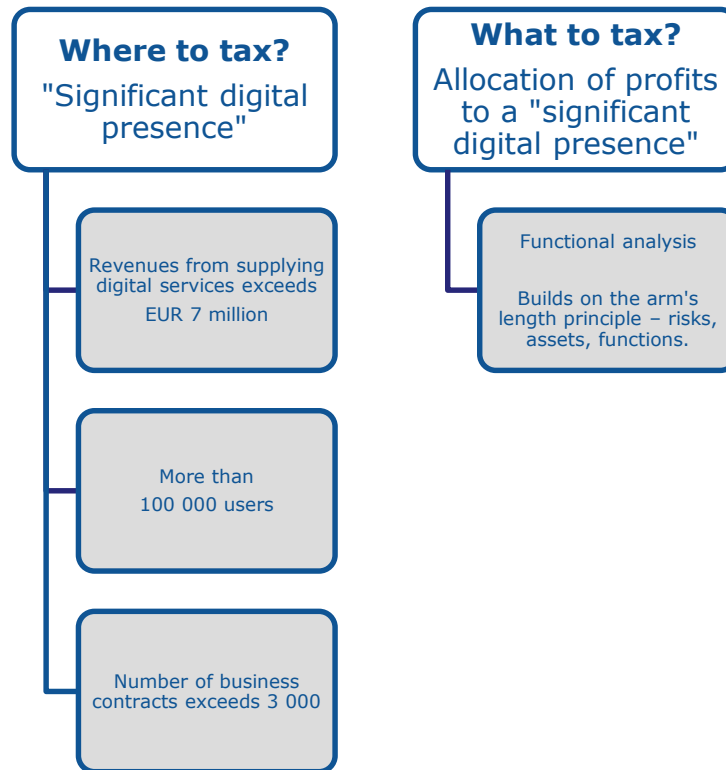
INTERNATIONAL TAX SYSTEM

Based on League of Nations work in the 1920s and OECD after World War II

- **Taxation of profits at source**
- **Separate accounting (incl. transfer pricing)**
- **Bilateral tax agreements**
- **Right to tax based on physical presence**

Challenged by new business models with IP, intangibles, etc.

SIGNIFICANT DIGITAL PRESENCE DIRECTIVE



DIGITAL SERVICES TAX

- Revenues as a proxy for value creation.
- Tax rate - 3% of gross revenues (sales data, Sales from intermediation, online advertising)
- Thresholds:
 - € 750 M total annual worldwide revenue; and
 - € 50 M total annual revenue from digital activities in the Union.
- Place of taxation - where users are located - revenues allocated proportionally.
- Reporting obligations - possibility to fulfil through One-Stop-Shop mechanism (VAT-inspired).